

By the Kansas Historical Society

The Progressive Movement's Impact on Business Regulation

The turn of the 20th century was a time of unrest and reform in the United States. The new Progressive Movement continued making changes the Populists had begun. These changes were said to be "progress." People began to think differently about the role of government in citizens' lives. State laws passed between 1904 and 1912 reflect the changes made by Kansas Progressives. In the process, Kansas led the way to national change.

What was the problem?

Large businesses controlled much of the state's economy. Politicians received special favors from these businesses to influence the way they voted. People put their money into banks and the bank owners invested it to make more money. When these investments failed, depositors lost their money. Monopolies were another problem. Railroad monopolies controlled the cost to transport farmers' crops to market. Oil and gas monopolies controlled the pipelines that carried oil to refineries. Independent oil producers could not use the rails and pipelines. Small businesses could not compete with monopolies. Change was necessary to keep big businesses from controlling people's lives.



What was the solution?

The goals of the Progressive Movement focused on these changes through business regulations:

- Keep railroads from giving special favors to politicians and from raising rates to transport farm products.
- Take control of the oil and gas pipelines and refineries so small producers could use them.
- Put public utilities under government control.
- Provide insurance for people keeping their money in banks and for investors buying stocks and bonds.

The Progressive Movement led to laws that regulated businesses and kept them from becoming monopolies in Kansas. Other laws provided security for people who bought stocks and bonds. These stocks and bonds were one way that people could use their money to make more money. Kansas legislators passed the "Blue Sky Law" in 1911 to protect those investments. The law got its name when Progressives insisted that these investments in stocks and bonds be secured by more than "a piece of the Big Blue Kansas Sky."

One Kansas law protected people who put their money into banks. This law added to a 1909 law that had set up a bank guaranty fund to be held by the state. This fund was a form of insurance to protect invested money. People felt safer depositing money in these protected banks.

How did Kansas lead the way to national change?

Kansas led the way to national change in two areas of business regulations as a result of the "Blue Sky Law." In 1933 federal legislation created the FDIC (Federal Deposit Insurance Corporation) that set up safeguards to protect people's bank deposits. In 1956 the federal Uniform Securities Act was passed to protect people who bought stocks and bonds.

